

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 852 - SB 818

March 24, 2009

SUMMARY OF BILL: Makes multiple changes to the Underground Utility Damage Prevention Act (UUDPA), including but not limited to, changes to various administrative procedures, changes made to certain penalties imposed for instances of non-compliance, a new mandate requiring all utilities to join the One-Call Service, the creation of a new enforcement advisory committee, and a shift of responsibility for enforcement from local government to the Tennessee Regulatory Authority (TRA).

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

\$271,100/FY08-09/Tennessee Regulatory Authority

**\$246,100/FY09-10 and Subsequent Years/Tennessee
Regulatory Authority**

Increase State Expenditures –

Exceeds \$33,800,000/Recurring/TDOT

\$271,100/FY08-09/Tennessee Regulatory Authority

**\$246,100/FY09-10 and Subsequent Years/Tennessee
Regulatory Authority**

Local Expenditures – Net Impact – Not Significant

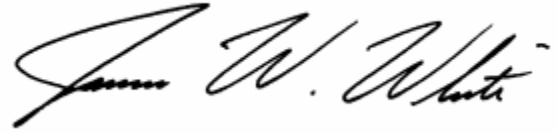
Assumptions:

- According to TRA, the Authority will experience an increase of expenditures to implement the enforcement provisions of this bill. Specifically, the Authority will require four additional positions (one Supervisor position, two Investigator positions, and one Administrative Assistant position). The associated increase to recurring state expenditures is estimated to be \$246,100 per year (\$173,000 salaries, \$48,400 benefits, \$24,700 other).

- A one-time increase to state expenditures estimated to be \$25,000 for computers, software, communications, etc.
- TRA indicates an increase of revenue as the result of receiving additional penalty fees. This increase to state revenue is estimated to be \$25,000 per year.
- Section 16 of this bill requires the One-Call Service to provide annually a sum sufficient to TRA for administering the enforcement provisions of the bill. TRA indicates that such amount plus the additional penalty fees anticipated is expected to cover all costs of enforcement for the Authority. As a result, the increase to state revenue derived from annual One-Call Service payments is estimated to be at least \$246,100 for FY08-09; and at least \$221,100 in each subsequent fiscal year.
- The total increase to state revenue for FY08-09 is estimated to be \$271,100 ($\$25,000 + \$246,100 = \$271,100$). The increase to state revenue for each subsequent fiscal year is estimated to be \$246,100 per year ($\$25,000 + \$221,100 = \$246,100$).
- According to the Department of Transportation (TDOT), the Department has approximately 282 linear miles of cable used for the Intelligent Transportation System (ITS) at Knoxville, Chattanooga, Nashville, Memphis, the rural ITS, and the I-75 Fog System. As the operator, TDOT would be required to provide services to locate or mark facilities when excavation requests are made via the One-Call Service program.
- According to TDOT, cable for ITS is installed on a grid system. Anytime a request for excavation is made within a particular grid, TDOT will be required to locate and mark all ITS cable installed within the respective grid.
- According to TDOT, there were 1,210 excavation requests made over a 30-day period for a particular grid in Knoxville. This grid contained ITS cable covering a 1.8 mile segment. TDOT has indicated these numbers would be representative of requests made on a statewide basis.
- Based on information provided by TDOT, the number of excavation requests could exceed 2,000,000 per year statewide $[(282 / 1.8) \times 1,210 \times 12 \text{ months} = 2,274,800]$.
- According to TDOT, the locate service would be contracted out at \$16 per request and there would be an additional \$0.90 One-Call Service fee incurred per request (\$16.90 total per request).
- The increase to recurring state expenditures for TDOT is estimated to exceed \$33,800,000 per year ($2,000,000 \times \$16.90 = \$33,800,000$).
- Local government is expected to incur an increase of recurring expenditures for making annual payments to TRA for the costs of enforcement. However, such payment is expected to be offset by other expenditure reductions as a result of no longer being the entity responsible for enforcement.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/rnc